



State Bank OF SOUTHERN UTAH

377 North Main Street : P.O. Box 340 : Cedar City : Utah : 84721-0340
Phone (435) 865-2300 : Fax (435) 586-6136

Letter of Credit N

Date: March 7, 2007

STATE OF UTAH
UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801 [if using United States Postal Service for delivery]

STATE OF UTAH
UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Salt Lake City, Utah 84116 [if using any other delivery service]

replaced
with LOC

\$5600⁰⁰

and

Bureau of Land Management (BLM)
UTAH STATE OFFICE
440 West 200 South Suite 500
Salt Lake City, Utah 84101

Re: Neil Bradshaw for Hilltop mining operation under Mine Permit No. S/001/069 and UTU number 72785.

Gentlemen and Ladies:

1. State Bank of Southern Utah, ("Bank"), of Cedar City, Utah, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the Bureau of Land Management [Cooperative Agency] (collectively, the "Beneficiaries") for an aggregate amount not to exceed \$11,000.00 [reclamation cost estimate] in United States dollars ("Face Amount") effective immediately; on behalf of Neil Bradshaw ("Operator") for Hilltop mining operation under Mine Permit No. S/001/069 and UTU number 72785.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5.00 o'clock p.m. (Salt Lake City time) on March 7, 2008 or (b) the date upon which sufficient documents are executed by the Division to release Neil Bradshaw ("Operator") from further liability for reclamation of the Hilltop mining operation under Mine Permit No.

- 1 -

☒ APPROVED

RECEIVED
MAR 15 2007
DIV. OF OIL, GAS & MINING

S/001/069 and UTU number 72785 with notice to Bank or Bank by the Division accompanied by the original Letter of Credit with directions for cancellation. The Division of Oil, Gas and Mining is the administrator of this Letter of Credit.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless 90 days prior to the expiration date the Bank gives notice to the Division by any courier service or by registered United States mail 'return receipt requested' that the Bank elects NOT to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. delivered to the office of the Bank, 377 North Main Cedar City, Utah 84720. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in the State of Utah are authorized or required by law to close.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

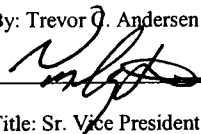
8. All communications regarding this Letter of Credit will be addressed to the Bank 377 North Main, Cedar City, Utah 84720, referencing Letter of Credit No.

9. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the provisions of Paragraph 4.

Very truly yours,

State Bank of Southern Utah

By: Trevor Q. Andersen

A handwritten signature in dark ink, appearing to read "Trevor Q. Andersen", is written over a horizontal line.

Title: Sr. Vice President